

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Proposed Revisions of Part 69
of the Commission's Rules to
Allow for Incentive Settlement
Options for NECA Pool Companies

RM 8389

Comments of John Staurulakis, Inc.

John Staurulakis, Inc. (JSI), by its attorney, hereby files these comments in support of the request by the National Exchange Carrier Association, Inc. (NECA) to establish rules that permit incentive settlement options for NECA pool members.¹ The NECA Petition proffers two optional incentive regulation proposals for eligible pooling Local Exchange Carriers (LECs). In addition, NECA requests streamlined regulatory treatment for the introduction of new services and pricing flexibility.²

JSI is a telecommunications consulting firm providing cost consulting and access-related management and regulatory services to over 150 independent LECs. As such, JSI is intimately familiar with NECA's role as the Federal Tariff Administrator in as much as

¹ See In the Matter of Proposed Revision of Part 69 of the Commission's Rules to Allow for Incentive Settlement Options for NECA Pool Companies, Petition for Rulemaking, filed November 5, 1993 (NECA Petition). The NECA Petition was given public notice and assigned RM 8389 by the Federal Communications Commission (Commission) on November 16, 1993. See Public Notice, Report No. 1986, released November 16, 1993.

² See NECA Petition at 6-15.

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NECA fulfills this role for the majority of the client companies for which JSI provides services. Based on its review of the NECA Petition, JSI submits that the NECA Petition should be approved.

JSI supports NECA's efforts to offer tailored, reasonably designed incentive regulatory proposals to those small and medium sized companies that remain within the NECA pools. The NECA Petition presents a reasonable adaption of the Commission's decision earlier this year to permit non-pooling companies some regulatory flexibility within the context of rate of return regulation.³ Accordingly, JSI submits that, subject to the two caveats mentioned below, the NECA Petition should be adopted.

First, in approving the NECA Petition, the Commission should make clear that the NECA Petition's proposals are optional for those companies that utilize NECA as their Federal Tariff Administrator. Second, the Commission should ensure that the proposed optional incentive alternatives do not adversely affect the integrity of the pooling process that many of the JSI company-clients must rely upon for their interstate cost recovery.⁴ Again, with these two caveats, JSI believes that the NECA Petition should be adopted as it will further the public interest.

³ See In the Matter of Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation, Report and Order, CC Docket No. 92-135, 8 FCC Rcd 4545 (1993).

⁴ JSI made similar observations within the context of the NECA request for authorization to provide additional services. See generally Comments of John Staurulakis, Inc., AAD 93-126, filed November 22, 1993.

Finally, JSI enthusiastically supports the streamlined tariff proposal and pricing flexibility proposals included in the NECA Petition. In JSI's view, the streamlined tariffing proposal is required in order to permit pooling LECs the ability to respond to customer requests in a more timely fashion. The NECA Petition correctly notes that "new services and new technologies are as important to small towns and rural areas as they are to urban areas."⁵ LECs that utilize NECA as their Federal Tariff Administrator should not be hamstrung by regulatory timing requirements when it is the customer that ultimately is forced to bear the frustration of the existing regulatory lag. As such, the streamlined tariffing proposals proffered by NECA should be adopted.

Likewise, the pricing flexibility suggested in the NECA Petition should be adopted. The ability of LECs to tailor responses through the prices they charge is critical as LECs begin to face competition. Absent such pricing flexibility, a LEC's service offering may be considerably less viable and attractive to its existing customer base as service alternatives appear that are not subject to the same regulatory constraints. Accordingly, NECA's requested pricing flexibility is reasonable and should be adopted.


⁵ NECA Petition at 12-13 (footnote omitted).

WHEREFORE, JSI requests the Commission to adopt the NECA
Petition in a manner consistent with these comments.

Respectfully submitted,

John Staurulakis, Inc.

By:



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Certificate of Service

I, Thomas J. Moorman, do hereby certify that on this 16th day of December, 1993 a copy of the foregoing "Comments of John Staurulakis, Inc." in RM 8389 were mailed, first class postage prepaid to the individuals listed below.

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